

Message Text

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SUBJ: REORGANIZATION OF THE HONG KONG GOVERNMENT

REF: A. HK A-191,7/3/72; B. HK A-303,11/7/72

C. HK A-53; D. HKA-91

SUMMARY: ADOPTION OF A MANAGEMENT EFFICIENCY STUDY BY HONG KONG'S LEGISLATIVE COUNCIL WILL SOON RESULT IN A GENERAL REORGANIZATION OF THE HKG. THE STUDY RECOMMENDS THE CREATION OF SIX NEW "CABINET LEVEL" SECRETARIATS TO COORDINATE THE WORK OF GOVERNMENT DEPARTMENTS. IT ALSO RECOMMENDS GREATER DECENTRALIZATION OF AUTHORITY, GIVING DEPARTMENT HEADS POWER TO MAKE DECISIONS WITHIN THEIR OWN SPHERES. END SUMMARY

1. ADOPTION OF A MANAGEMENT EFFICIENCY STUDY BY HONG KONG'S REORGANIZATION COUNCIL (LEGCO) WILL SOON RESULT IN A GENERAL REORGANIZATION OF THE HKG. THE YEAR-LONG STUDY BY THE LONDON FIRM OF MCKINSEY AND CO WAS UNDERTAKEN AT THE REQUEST OF GOVERNOR MACLEHOSE (REF A). IT RECOMMENDS THE CREATION OF SIX "CABINET LEVEL" SECRETARIATS TO COORDINATE THE
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WORK OF GOVERNMENT DEPARTMENTS. IN A LEGCO SPEECH THE COLONIAL SECRETARY STATED THAT THE AIM WAS TO CREATE A " SMALL BUT HIGH- POWERED CENTRAL MACHINE" WHICH WOULD FORMULATE POLICIES AND THEN " MONITOR, CONTROL AND COORDINATE THEIR IMPLEMENTATION." THE STUDY ALSO RECOMMENDS GREATER DECENTRALIZATION OF AUTHORITY GIVING DEPARTMENT HEADS POWER TO MAKE DECISIONS AND CARRY OUT PROGRAMS WITHIN THEIR OWN SPHERES.

2. THE NEWLY- CREATED SECRETARIATS ARE: (1) ECONOMIC-- RESPONSIBLE FOR COMMERCE AND INDUATRY, BANKING, SECURITIES, PUBLIC UTILITIES AND TRANSPORTATION; (2) ENVIRONMENT-- RESPONSIBLE FOR PLANNING, PUBLIC WORKS AND URBAN SERVICES; (3) HOUSING-- RESPONSIBLE FOR NEW CONSTRUCTION AND RESETTLEMENT; (4) SECURITY-- RESPONSIBLE FOR MILITARY, POLICE, IMMIGRATION, NARCOTICS AND FIRE SERVICES; (5) HOME AFFAIRS-- RESPONSIBLE FOR INFORMATION, PUBLIC RELATIONS, TOURISM, CITY DISTRICT OFFICES AND NEW TERRITORIES ADMINISTRATION; AND (6) SOCIAL SERVICES-- RESPONSIBLE FOR LABOR, EDUCATION, HEALTH AND SOCIAL WELFARE.

3. AT THE SAME TIME THE HKG ANNOUNCED THE APPOINTMENT OF " SECRETARIES" TO HEAD THREE OF THE SECRETARIATS. JACK CATER (PRESENTLY INFORMATION SECRETARY) WILL TAKE OVER HOME AFFAIRS UNTIL HE RETIRES IN NOVEMBER. THE PRESENT DIRECTOR OF PUBLIC WORKS, J J ROBSON, WILL HEAD ENVIRONMENT; IAN LIGHTBODY (PREVIOUSLY APPOINTED, REF B) WILL CONTINUE AS SECRETARY OF HOUSING. THE ESTABLISHMENT OF THESE NEW ORGANIZATIONS WILL REQUIRE ONLY MINOR CHANGES IN EXISTING GOVERNMENT STRUCTURE, AND THEY SHOULD BE IN OPERATION IN A FEW WEEKS.

4. IT MAY BE AS LONG AS SIX MONTHS, HOWEVER, BEFORE THE THREE REMAINING SECRETARIES ARE CHOSEN AND THE NEW SECRETARIATS ESTABLISHED. HKG IN- HOUSE SPECULATION HAS CENTERED ON DEPUTY COLONIAL SECRETARY G P LLOYD FOR SECURITY; COMMERCE AND INDUSTRY DEPARTMENT DIRECTOR DAVID JORDAN FOR ECONOMIC; AND EITHER SOCIAL WELFARE DIRECTOR LI FOOK- KOW OR RETIRING URBAN SERVICES DEPARTMENT DIRECTOR DAVID ALEXANDER FOR SOCIAL SERVICE. NAMES OF POSSIBLE NOMINEES ARE STILL TIGHTLY HELD, BUT IT IS CONFIDENTIAL

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VIRTUALLY CERTAIN THEY WILL COME FROM THE RANKS OF HONG KONG' S CIVIL SERVICE. CREATION OF THE REMAINING SECRETARIATS WILL REQUIRE MAJOR CHANGES WITHIN THE GOVERNMENTNHND RESULTING PROBLEMS MAY TAKE MONTHS TO RESOLVE.

5. THE REORGANIZATION WILL SIGNIFICANTLY REDUCE THE

POWER OF THE COLONIAL SECRETARIAT, IN PARTICULAR THE OFFICE OF THE FINANCIAL SECRETARY, WHICH NOW MUST PASS ON ALL GOVERNMENT PROGRAMS. THE NEW SECRETARIES WILL APPARENTLY HAVE AUTHORITY TO MAKE POLICY AND GO DIRECTLY TO THE COLONIAL SECRETARY OR THE GOVERNOR FOR APPROVAL. THIS SHOULD INCREASE THE SPEED WITH WHICH THE TRADITIONALLY SLOW MOVING HKG IS ABLE TO MAKE DECISIONS AND IMPLEMENT PROGRAMS.

6. WHILE REORGANIZATION WILL MEAN INCREASED EFFICIENCY IN THE LONG RUN, INITIALLY IT HAS CREATED CONFUSION WITHIN THE HKG. THE INTENT OF THE REORGANIZATION IS TO PROVIDE GREATER CONTROL OVER THE BUREAUCRACY, BUT THE STUDY DOES NOT APPARENTLY DEAL WITH SUCH QUESTIONS AS: (1) THE ACTUAL AUTHORITY " SECRETARIES" WILL HAVE OVER DEPARTMENT HEADS (SOME OF WHOM ARE OF EQUAL RANK OR HAVE CHARTERS, LIKE THE POLICE, GUARANTEEING DIRECT ACCESS TO THE GOVERNOR); (2) THE RELATIONSHIP BETWEEN THE COLONIAL SECRETARY AND THE " CABINET"; (3) EFFECT ON EXECUTIVE AND LEGISLATIVE COUNCIL MEMBERSHIP; OR (4) STAFFING OF THE NEW SECRETARIATS. AS ONE SENIOR HKG OFFICIAL TOLD CONGEN OFFS, " THE STUDY COST US HK\$16 MILLION (US\$3.14 MILLION) AND THE RESULT HAS BEEN CHAOS. THE GOVERNOR IS PUSHING THIS THROUGH WITHOUT CONSULTING WITH ANYONE."

7. IN ADDITION, REORGANIZATION WILL NOT REALLY SOLVE WHAT THE STUDY DEFINES AS THE HKG' S BASIC PROBLEM, THAT OF ATTEMPTING TO EXPAND SERVICES DESPITE A CONTINUING DECLINE IN THE PROPORTION OF SKILLED AND EXPERIENCED STAFF. WHILE DECENTRALIZATION OF AUTHORITY WILL FREE THE NEW SECRETARIES FROM DELAING WITH ROUTINE PROBLEMS IT WILL PLACE INCREASING PRESSURE ON MIDDLE LEVEL MANAGEMENT, THE AREA OF MOST CRITICAL SHORTAGE (REF C). THE HKG WILL CONTINUE TO HAVE PROBLEMS RECRUITING
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EXPERIENCED EXPATRIATE AND CHINESE STAFF REGARDLESS OF CHANGES IN THE STRUCTURE OF THE BUREACRACY.
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